Stakeholder Proposal

Problem:

Currently, numerous projects on the "Apportioned List" are not ready to go to bid, and may not be for 18 months to a year. Many new construction and modernization projects have been stalled because of the economy, and many CTE projects have the ability for reservation of funds, and haven't received DSA approval. Although many districts would like to eventually build these projects, few if any would be willing to give up their apportionments – or guarantee of funding without an incentive. Meanwhile, there are numerous "shovel-ready" projects on the unfunded list, which if funded could bid immediately, putting people to work and stimulating the economy.

Solution:

OPSC would send a form letter to districts on the apportioned list to see if their project(s) are ready to bid. If they are willing to voluntarily delay their funding, they would be able to get an extension to their project until another infusion of bond sales is distributed to the SFP. Districts would have a right to keep their place in line on the apportionment list for funding when it becomes available. This approach has been used by the SAB before. The State "stopped the clock" on the 18 month deadline for new construction projects in December 2008 and restarted the "clock" in December 2009. In this proposal, the district's project would have the clock stopped until the funding from state bonds becomes available.

If $200 million worth of apportioned projects are willing to delay for a year, this would allow that amount of projects on the unfunded list to go to bid immediately and be able to receive a fund release soon thereafter. The $200 million would follow current rules for first-in, first out apportionments. If projects on the unfunded list are not ready to proceed, they could pass and stay on the unfunded list, and the apportionments would proceed down the list.

This approach follows current practice, where apportionments are placed on a list by date in order, but fund releases are allocated as districts request them.